98TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
1st Session } { No. 98-316

DISAPPROVAL OF EXTENSION OF WAIVER AUTHORITY UNDER THE TRADE ACT OF 1974 TO THE HUNGARIAN PEOPLE'S REPUBLIC

JULY 26, 1983.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. ROSTENKOWSKI, from the Committee on Ways and Means, submitted the following

ADVERSE REPORT

together with

DISSENTING VIEWS

[To accompany H. Res. 257]

The Committee on Ways and Means, to whom was referred the resolution (H. Res. 257) disapproving the President's recommendation to extend certain waiver authority under the Trade Act of 1974 with respect to Hungary, having considered the same, report unfavorably thereon, and recommend that the resolution do not pass.

PURPOSE AND SUMMARY

House Resolution 257, introduced on June 30, 1983, would disapprove the recommendation of the President, transmitted to the Congress on June 3, 1983, to extend the waiver authority in section 402(c) of the Trade Act of 1974 with respect to the Hungarian People's Republic.

Imports from the Hungarian People's Republic are currently subject to column 1 (MFN) rates of duty under the Tariff Schedules of the United States (TSUS), effective July 7, 1978, the date that exchange of written notices of acceptance of the U.S.-Hungarian Trade Agreement took place.

Adoption of H. Res. 257 would result in the discontinuation of MFN for Hungary and restoration of the generally higher column 2 rates of duty under the TSUS applicable to non-MFN countries.

Most-favored-nation status was first extended to Hungary under section 402 of the Trade Act of 1974 in 1978. On April 7, 1978, the

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President transmitted to the Congress the text of the Agreement on Trade Relations between the United States of America and the Hungarian People's Republic, signed on March 17, 1978, a proclamation extending MFN treatment to the products of Hungary upon Congressional approval, and a notice of intent to issue a waiver on April 7 of the application of section 402 requirements with respect to Hungary. On April 26, the Subcommittee on Trade favorably reported to the Full Committee H. Con. Res. 555, providing for Congressional approval of the extension of nondiscriminatory treatment with respect to the products of the Hungarian People's Republic. The Committee on Ways and Means reported the resolution favorably on May 3 and the House passed it by a vote of 209–173.

The Senate Finance Committee reported the bill S. Con. Res. 76 on June 22 (S. Report 95–949), and it passed the Senate on a voice vote. The Agreement entered into force and MFN treatment was extended to imports from Hungary on July 7, 1978, the date on which the exchange of written notices of acceptance took place. In 1981, the Hungarian Trade Agreement was automatically extended for another three years until July 7, 1984, since the President did not take any action within the prescribed period of time (30 days before scheduled date of expiration, July 7, 1981) to terminate it.

H. Res. 257 is the only resolution of disapproval applicable to Hungary that has been introduced in the House since 1978 when Hungary was first granted MFN status. Under the expedited procedures of section 152(d) of the Trade Act of 1974, a motion to proceed to Floor consideration of the resolution is highly privileged and not debatable. The 60-day period for House consideration of House Resolution 257 expires on September 1, 1983.

COMMITTEE ACTION

The Subcommittee on Trade held public hearings on July 14, 1983, on continuation of MFN tariff treatment for the products of Hungary, as well as Romania and the People's Republic of China. The Subcommittee received testimony from Administration officials in favor of continued MFN for Hungary. The representative of one cultural organization urged Congress to remind Hungarian officials that without timely and satisfactory solution of unique family unification cases that yearly extension of MFN status will not be automatic. Congressman McDonald opposed extension of MFN for Hungary.

On July 20, 1983, the Subcommittee on Trade ordered House Resolution 257 reported unfavorably to the Committee on Ways and Means by voice vote. On July 26, 1983, the Committee ordered House Resolution 257 reported unfavorably by voice vote.

GENERAL STATEMENT

Emigration

Currently there are no emigration problem cases waiting to be resolved by the Hungarian Government. All fifty-one cases that have been presented to the Government of Hungary by the U.S. Embassy in Budapest since September 1973 have been solved.

Hungary's emigration law is strict, but is applied with considerable flexibility. There are evidently no employment, medical care, housing

or other official sanctions applied against Hungarians seeking to emigrate. There is no Jewish or minority-related emigration problem. Emigration application forms and instructions are readily available. Application and passport fees are modest, totalling about $75 per adult applicant.

United States-Hungarian Trade Performance

With the global recession and the financial difficulties in Eastern Europe in 1982, total U.S.-Hungarian trade was $200.5 million, down slightly from $206 million in 1981. U.S. exports to Hungary also declined to $67.8 million, a drop of 7 percent from 1981 levels. U.S. imports from Hungary moderately increased from $128.6 million in 1981 to $132.7 in 1982.

Manufactured goods continue to dominate U.S.-Hungarian trade. Since 1978, U.S. exports of manufactured goods have steadily increased 8 percent per year to a point where they currently account for 86 percent of all U.S. exports to Hungary. Leading items in this category include tractor parts, gas compressors, glass rods, and gasoline engines.

Conclusion

The Committee is of the view that MFN trading status for Hungary for another year is important to continued development and improvement of United States economic and political relations with Hungary.

DISSENTING VIEWS OF MR CRANE

Despite the apparent satisfaction of some of the members of this committee with the President's statement requesting an extension of Most Favored Nation (MFN) trade status to the communist countries of the People's Republic of China (PRC), Romania and Hungary, I must question the wisdom and appropriateness of the decision to accept that view. I am opposed to extending MFN privileges to the three nations in question.

It is foolish for the United States government to force the taxpayer to provide what amounts to a subsidy for nations which oppose us and our policies. The governments of these countries are totalitarian and engage in all the attendant repressions of freedom and basic human rights. Although their internal policies differ slightly, each violates all of the conditions which Congress complains certain developing nations abuse.

MFN status should be reserved to those nations that share our belief in basic economic and personal freedoms. Such nations are, by definition, not communist. Each of the nations addressed by the resolutions of disapproval, by their actions. do not ascribe to the basic principles of human rights. Hungary and Romania are both members of the Warsaw Pact and as such provide troops and material to oppose our allies and support the goals of the Soviet Union. Favorable credit and trade with them can only mean that our financial resources are used to assist the Soviet Bloc. This is clearly contrary to our interests. It frees the Soviet Union of an economic burden and provides eastern Bloc nations with much-needed foreign exchange. Goods of totalitarian regimes are given access to and given and unfair competitive edge over those of the free-market economies.

The People's Republic of China (PRC) has recently warmed to the United States, but the reason seems obvious. They are fearful of the Soviet Union and desperately need to modernize and improve their economy. But we cannot lose sight of communist China's dismal record on human rights. In the last 30 years, the Chinese government has executed 34–66 million Chinese citizens. The government arbitrarily hands out death sentences for "counter-revolutionary" offences. Chinese authorities continue to use "re-education-through-labor" as a form of detention without trial. In their zeal to reduce the population, some local officials in the provinces have abetted heinous human rights violations. Accounts have alleged cases of forced abortions, infanticide, detention, and psychological pressure to regulate the daily lives of their populace. Can the United States, in good conscience, grant Most Favored Nation status to this nation which oppresses, terrorizes, and murders its own citizens? MFN status is a privilege that the PRC, if it continues to repress its people, can never earn.

It is time for this Congress to examine the reasonableness of what we are doing when we consider whether or not we will grant special trade benefits and guarantees to communist countries. These special concessions should only be granted to our friends—to those who believe, with us, in a market economy, in a representative government—freely chosen, and above all, for those who respect the primary dignity and value of the individual.

The granting of economic aid to the People's Republic of China, Hungary, and Romania at the expense of the American wage earner is simply beyond logic. These are governments undeniably ruthless in the treatment of their own citizens—and contemptious of human rights. Let us not make the mistake of becoming accomplices in these illicit practices by granting these governments special economic concessions through MFN.

PHIL CRANE.

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